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262140Z Sep 05

UNCLAS SECTION 01 OF 02 ASUNCION 001219

SIPDIS

SENSITIVE

STATE FOR EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD DAN JOHNSON

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [MASS](#) [MARR](#) [KDEM](#) [KJUS](#) [PA](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, SEPTEMBER 17-25

REF: A. ASUNCION 01047

1B. ASUNCION 00412 AND PRECEDING

11. (U) Summary:

- Colorado Deputy Receives Light Sentence
- Dissident Liberals Return to the Fold
- Congress Approves Controversial Expropriation
- Youth March to Protest U.S. Military Presence
- MEDRETE Sends Message of Hope

Colorado Deputy Receives Light Sentence

11. (U) On 9/18, Judge Silvio Flores of Ciudad del Este imposed a suspended sentence on Colorado Deputy Julio Colman, who was embroiled in a scandal in early February involving a suspect load of timber and threats to a prosecutor (ref B). The Chamber of Deputies voted to strip Colman of his immunity from prosecution in March, permitting Environmental Prosecutor Maria Bernarda Alvarez to investigate him on charges of trafficking in timber. A plea-bargain arrangement suspends Colman's sentence but requires him to plant 5,000 trees in Curuguaty Department within one year. Several lawyers, who preferred to remain anonymous, reportedly accused the prosecutor and the judge of giving in to political pressure and a bribe.

12. (SBU) Emboff met with Martha Ferrera, a member of "Citizens Against Immunity," to discuss the judge's decision. Ferrera noted that the sentence was aimed at redressing the loss of trees caused by illegal logging, but expressed disappointment that the press did not play up the fact that Colman committed a crime and pleaded guilty. The group plans to organize demonstrations and run advertisements alerting citizens to Colman's guilty plea. (COMMENT: While the sentence is disappointing, it is noteworthy that Congress voted to lift Colman's immunity. END COMMENT.)

Dissident Liberals Return to the Fold

13. (U) On 9/22, dissident PLRA senators Candido Vera Bejarano and Modesto Luis Guggiari, who were members of the so-called "multiparty bloc," decided to return to the PLRA fold, depriving the Colorado Party of an absolute majority in the Senate. According to the national press, Vera and Guggiari decided to return to the PLRA bloc in fear of being expelled from the party. Vera told the press that reason for his return to the PLRA bloc was to organize an opposition alliance for the municipal elections in 2006 and the presidential elections in 2008. He added that the opposition is working on a similar shift in the lower house of Congress. Deputy Luis Carlos Neumann confirmed his intentions of returning to the PLRA bloc.

Congress Approves Controversial Expropriation

14. (U) On 9/22, the Chamber of Deputies approved the expropriation of 52,000 acres in Puerto Casado (ref A). On 9/24, President Duarte announced that he had signed the expropriation bill into law. The land belongs to the Victoria SA company headed by Korean Reverend Sun Moon. Days prior to the Chamber's decision to approve the expropriation, the company offered the government 10,000 acres for the citizens of Puerto Casado and 1,000 head of cattle to start a new cooperative in the city. They also committed to make short-term and long-term investments in Puerto Casado, in an attempt to avoid the expropriation.

15. (SBU) COMMENT: Arguments for and against the expropriation

covered the spectrum. Rafael Filizzola, a member of the socialist Country in Solidarity Party, asserted that Congress had a "constitutional and moral obligation" to expropriate the land and put an end to "speculation" in Paraguay. Others countered that the expropriation would violate the government's obligation to protect private property, foreign investment, and jobs. Colorado Deputy Oscar Salomon went father, asserting that the expropriation would be subject to constitutional challenge based on the government's duty to protect the nation's woodlands. END COMMENT.

Youth March to Protest U.S. Military Presence

16. (U) On 9/17, hundreds of youth protested the presence of alleged "U.S. Marines" in Paraguay. The majority of the protesters were university students. The theme of the protest was "Yankees, Go Home." According to press reports, the students burned three U.S. flags during the march, as a sign of protest against the presence of U.S. troops in the country. The third flag was burned in front of a McDonald's restaurant. The march concluded with speeches against the U.S. military presence in the country. Initially, the day of the march there were US aid personnel in Paraguay to participate in MEDRETE exercises. In general, approximately 35 military medical personnel visit Paraguay from 2-3 weeks to participate in the exercises. False accusations of a planned U.S. base on long-term military presence persist in the country.

MEDRETE Sends Message of Hope

17. (U) On 9/10, a team of 35 medical professionals from the Texas Army Reserve arrived in Paraguay to provide medical care for thousands of Paraguayans in the Department of Neembucu, located approximately 240 miles southwest of Asuncion. The MEDRETE team provided medical services in several locations with the last stop in Pilar, the capital city of Neembucu. The services included optical and dental care, and veterinarian medical services. The team distributed 900 pairs of donated eye glasses. During their 10-day exercise, the team provided health care to approximately 4000 patients, and about 6000 animals. They completed their work on 9/21.
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